

FY 00 DCMA BUSINESS PLAN

PART A - FOREWORD

About DCMA

The Defense Contract Management Agency (DCMA) is the Department of Defense (DoD) contract manager, responsible for ensuring Federal acquisition programs, supplies, and services are delivered on time, within cost, and meet performance requirements. This involves management of 325,000 prime contracts with current work valued at \$852 billion. As a result, DCMA directly contributes to our country's successful military readiness and the preservation of the nation's freedom. To accomplish its mission, DCMA performs a variety of functions, including:

- Providing contract management services for diverse product lines such as aircraft, space launch vehicles and spacecraft, medical and subsistence items, electrical and electronic commodities, military vehicles, munitions, petroleum, chemicals, and lumber;
- Performing price/cost analysis, overhead and contractor system reviews, financial services, property and plant clearance, transportation and packaging, and termination settlements;
- Providing quality assurance and process insight to assist contractors in improving their processes;
- Providing program and technical support by analyzing cost, schedule, and technical performance of contractor programs and systems;
- Providing access to the services of the Fraud Program, to include training in the prevention and detection of fraud, assistance in the investigation of contract-related irregularities, and coordination of administrative remedies;
- Providing an array of preaward services as part of DCMA's Early Contract Administration Services (Early CAS) program, to include activity in support of Acquisition Strategy Panels, Source Selection Evaluation Boards, Requests for Proposal, and preaward surveys; and
- Performing integrated industrial capability analyses to support the military services' and Defense agencies' major weapons acquisition, logistics, and readiness programs.

In carrying out this mission, DCMA personnel serve as "information brokers" for contracting officers and program managers by protecting the government's interest throughout the life of a contract.

Before Award ...

The Early CAS program brings contract management professionals into the acquisition process early before costs are incurred to significantly reduce post-award complications. Any acquisition, including hardware, software, and service procurements, benefits when DCMA professionals join the preaward team to:

- Construct more effective solicitations,
- Identify potential performance risks,
- Select capable contractors, and
- Develop contracts that are easily administered with less risk of costly modifications.

After Award ...

Once the contract is awarded, DCMA's Contract Administration Offices (CAOs), located throughout the United States and the world, provide valuable services to contracting officers and program managers:

- Support to fact finding and negotiations,
- Safety and environmental assurance,
- Evaluations of contractor processes and controls,
- Verification of contractor corrective actions,
- Control of property (such as facilities and government furnished materials), and
- Independent evaluation of contractor progress to include progress payment evaluations.

DCMA's CAOs manage contracts within a geographic area and within contractors' plants. This management includes daily, on-site surveillance of contractor systems and program-specific concerns that cannot be viewed or monitored by off-site agencies, including access to and participation in internal contractor meetings. The CAO organization allows DCMA professionals to reside close to or in contractors' facilities and to tailor services to customers' unique requirements and associated risks.

What's Driving the Need for Change?

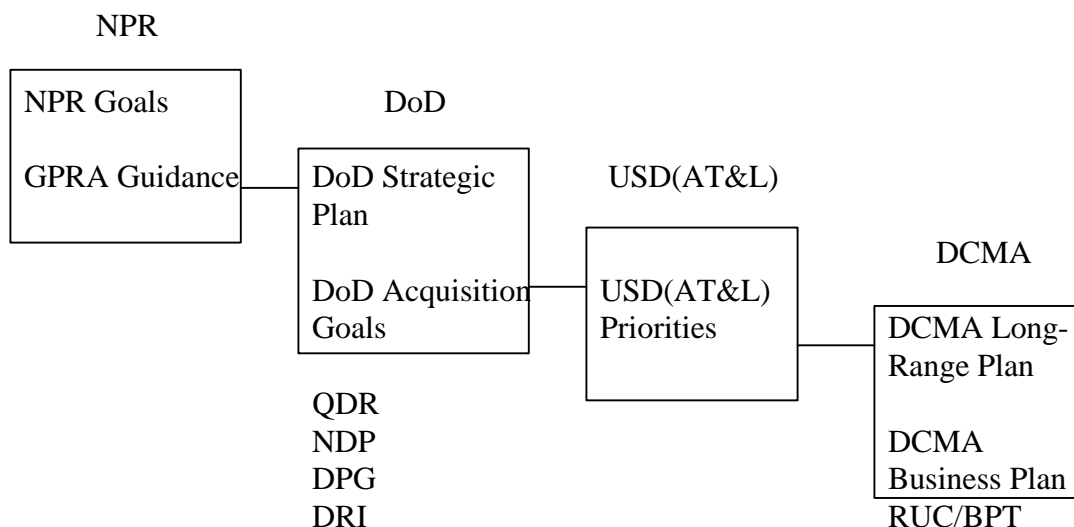
Several external influences are driving the need for change not only in the Department of Defense (DoD) but in the Federal government as a whole. Some of those influences are summarized below:

- *National Performance Review (NPR)*: The President and Congress are changing the way the Federal government works. Recently enacted Federal statutes—and similar ones in states throughout the country—have become a driving force behind government-wide changes aimed at letting the public know what government is trying to accomplish with the tax dollars being spent, and then reporting on how well these programs are doing. The four major Federal statutes designed to improve accountability for results—as envisioned by the NPR—include the Government Performance and Results Act (GPRA), the Chief Financial Officers

(CFO) Act, the Government Management Reform Act, and the Information Technology Reform Act of 1996.

- *Government Performance and Results Act of 1993*: The GPRA provides the foundation for strengthening agency efforts to use strategic planning and performance measurement to improve results. It is transforming how the Federal government is managed. The GPRA requires Federal agencies to prepare: (1) strategic plans that define an agency's mission and long-term general goals, (2) annual performance plans containing specific targets, and (3) annual reports comparing actual performance to the targets set in the annual performance plan. For more information on the GPRA, refer to the Business Processes Guidebook, Planning Module (Module 2), located on the DCMA home page.
- *Revolution in Business Affairs (RBA)*: The Under Secretary of Defense (Acquisition, Technology, and Logistics) is a strong advocate of the RBA. Exploiting the benefits of the RBA is critical to ensuring the Department is able to balance its available resources against the need to modernize its forces. The five priorities of the RBA are: (1) implement and institutionalize acquisition reform; (2) increase civil/military integration; (3) shift resources from support to modernization and combat; (4) totally reengineer the DoD logistics system; and (5) focus on training and educating the acquisition workforce.
- *DCMA Performance Contract*: Beginning in FY 99, DCMA is required to enter into a Performance Contract with the Defense Management Council (DMC). The purpose of this contract is to articulate expectations for DCMA's performance during a given fiscal year.

Link to Higher Level Plans



Key to Acronyms:

NPR = National Performance Review
 GPRA = Government Performance and Results Act
 DoD = Department of Defense

DRI = Defense Reform Initiative
 USD(AT&L) = Under Secretary of Defense
 (Acquisition, Technology, and Logistics)

QDR = Quadrennial Defense Review
NDP = National Defense Panel
DPG = Defense Planning Guidance

DCMA = Defense Contract Management Agency
RUC = Resource Utilization Council
BPT = Business Process Team

DCMA's Long-Range Plan aligns well with the strategies of not only the Department of Defense (DoD) but also with those of the Federal government as a whole.

Federal Government ...

This strategic alignment starts with the National Performance Review (NPR). The NPR is driving the entire Federal government to reengineer its processes with three major goals in mind—delivering great service, fostering partnerships, and internal reinvention. Flexibility, responsiveness, and affordability are also envisioned as the hallmarks of the new government model. As the President states in his introduction to *The Blair House Papers*, “The era of big government is over, but the era of big challenges is not.”

One of the major Federal statutes designed to improve accountability for results is the Government Performance and Results Act (GPRA). The GPRA provides the foundation for strengthening agency efforts to use strategic planning and performance measurement to improve results. The GPRA is about change—change in the way government has operated in the past. The primary purposes of the GPRA are to improve confidence in government, to initiate program performance reform, to improve Federal program effectiveness, to improve service delivery, to improve internal management, and to improve congressional decision making. The key tenets of the GPRA emphasize accountability, setting goals, measuring performance, and reporting on progress (while focusing on results), service quality, and customer satisfaction. The GPRA is transforming how the Federal government is managed, and DCMA has been actively involved in implementing the GPRA since its enactment in 1993.

Department of Defense ...

DCMA's Long-Range Plan supports the DoD Strategic Plan, the DoD Acquisition Goals, and the USD(AT&L) priorities. The Quadrennial Defense Review (QDR), Joint Vision 2010, and Revolution in Military Affairs establish how DoD will meet the post-Cold War era security challenges and together describe the United States Armed Forces transformation strategy. Recurring themes are increased modernization investment, streamlined infrastructure, investing in people, and exploiting information technology. Numerous DCMA initiatives and actions are underway in support of these Departmental requirements and others to include the National Defense Panel (NDP), the Defense Planning Guidance (DPG), and the Defense Reform Initiative (DRI). In fact, DCMA frequently plays a lead role in many of these performance improvement efforts. The intent and substance of DoD objectives relating to infrastructure reduction, responsiveness, customer satisfaction, cost reduction, and workforce development are captured in the goals and objectives in this DCMA plan. Many other mandates are included as specific performance goals in our annual Performance Plan.

Defense Contract Management Agency ...

DCMA manages its business processes using the Integrated Management System (IMS). The IMS, as the name suggests, isn't one thing. It's a composite of many interrelated processes—Planning, Programming, Resourcing and Budgeting, Execution, and Assessment and Feedback. For more information on the IMS, refer to the IMS computer-based training and the Business Processes Guidebook, IMS Overview Module (Module 1), located on the DCMA home page. As the primary business management tool, the IMS links and integrates these processes so that they feed and support one another. Successful implementation of the IMS throughout DCMA provides a framework for making better business decisions today, including tradeoffs of scarce resources, and for prioritizing mission requirements for the future.

The DCMA Long-Range Plan is the product of an iterative strategic planning process. The plan communicates DCMA's mission, vision, goals, and objectives, and it provides the basis for both the DCMA Business Plan and the Program Objectives Memorandum (POM)—our long-term resourcing strategy. The Business Plan identifies the Agency's annual plan for achieving its long-range goals and objectives. The Performance Plan, the heart of the Business Plan, contains key results-oriented measures that are used to monitor performance Agency-wide.

Resourcing decisions based on changes in workload and customer requirements and new initiatives are all processed through DCMA's resourcing process utilizing the Business Process Team (BPT) and the Resource Utilization Council (RUC). This process provides maximum flexibility to the Agency to incorporate innovative business process improvements, adapt to changing internal and external customer requirements, and flourish in the rapidly changing regulatory climate of DoD acquisition. Most importantly, the process allows DCMA to anticipate, as well as quickly and effectively react to, the many fiscal and policy changes inherent in the DoD resourcing cycle.

Our Values

Values are the ideals we care about, consider important, and are the basis of our actions. They are a commitment we make to ourselves and to our stakeholders (DoD, Congress, the American public). They form the basis for our relations with our teammates and partners. They guide us when we must make decisions. They are:

- **People**--People are the foundation of our success.

We value all our people and our diversity. We recognize that each individual has a unique contribution. We are committed to investing in employee training. We are a community working as a team of many individuals with different backgrounds, different viewpoints, different skills, and different insights. We trust and respect one another.

- **Service**--One Focus, Customer Focus.

We are committed to excellence in customer service. Our goal is to listen to our customers, focus on their needs, and strive to exceed our customers' expectations. We encourage a

relationship of mutual trust and respect with our customers and stakeholders. We actively solicit feedback from customers so we can improve our service and their trust in us.

- **Excellence**--Doing things right the first time.

We value professionalism and quality. We strive to meet the highest standards of quality performance. We consistently deliver quality products and services to our customers. We recognize and reward our employees for their contributions in support of our customers. Our leaders and employees have a commitment to the Agency's vision and goals.

- **Integrity**--Operating with the highest standards of ethical conduct.

We value personal and organizational integrity. Our employees adhere to the law and operate within their authority. Honesty and fairness are fundamental to our dealings with each other and our various stakeholders. We take accountability for the resources entrusted to our care as a top priority. Our leaders carefully evaluate their decisions for ethical implications, including safety, environmental protection, privacy, and human rights considerations.

- **Innovation**--Seeking improvements that add value for our customers.

We value innovation. We recognize that good ideas come from every member of the organization. We provide an environment in which those ideas can easily surface and be acted upon. We constantly seek improvements that add value for our customers. We are flexible in changing our behaviors to improve customer service. We are constantly improving our business practices and procedures through teamwork and a desire to excel.

Strategic Planning in DCMA

DCMA's Long-Range Plan sets forth the Agency's strategic direction. DCMA has one Long-Range Plan. DCMA, as the corporate headquarters, establishes the Agency mission and vision statements and the long-range goals and objectives. There is one Performance Plan across the Agency. DCMA also establishes the annual performance goals that contribute to achievement of the long-range goals and objectives. Districts and CAOs do not develop strategic plans; however, they must engage in long-term thinking through environmental scanning to better accomplish mission and financial planning. Districts and CAOs do not develop performance plans different than the DCMA Performance Plan, instead they supplement the DCMA Plan with strategies/tasks determined necessary to manage locally. For more information on supplementing the Performance Plan, refer to Part C of the Business Plan and the Business Processes Guidebook, Planning Module (Module 2).

Assessment and Accountability

DCMA uses several assessment tools to monitor achievement of the Agency's goals and objectives. These tools also provide feedback that senior leaders at every level use to make risk-based decisions on the efficient use of resources to meet internal and external customer needs. The Internal Risk Management process is the Agency's principal tool for managing assessment results and for developing and resourcing improvement activity. All DCMA organizational elements prepare Unit Self-Assessments, Management Control Reviews, Annual Statements of Assurance, Internal Customer Surveys, and risk-based assessments to evaluate overall organizational effectiveness. The results of these assessments also serve as inputs to the planning process, that is, some are added as strategies/tasks to organization performance plans. Periodic Internal Operations Assessments validate self-assessment activities, assess overall health of the organization, and provide information for improvement efforts.

DCMA assesses organizational performance on an ongoing basis throughout the fiscal year. The management review process is our vehicle for assessing organizational performance. Management reviews are conducted at Headquarters DCMA, the Districts, and the Contract Administration Offices (CAOs). The Agency reviews and analyzes performance data monthly and reports on the results quarterly via three types of reviews:

- Mission Management Reviews (MMRs): The purpose of the MMRs is to track performance improvement against non-financial targets set annually in the DCMA Performance Plan. Feedback is provided on progress toward specific targets. Baselines and performance trends are evaluated to set future years' goals and performance targets and to recognize opportunities for reengineering, cost savings, and potential efficiencies.
- Financial Management Reviews (FMRs): FMRs assess financial, unit cost, and resource management performance indicators.
- Special Management Reviews (SMRs): SMRs review topics requiring special management attention and the status of the Headquarters implementation plans that support the DCMA Performance Plan, for example, Information Technology Plan, Customer Satisfaction Plan, and Training Plan.

For more information on DCMA's management review process, refer to One Book Chapter 12.1.2, Management Reviews.